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6 August 1958

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CENTRAL

INTELLIGENCE

BULLETIN



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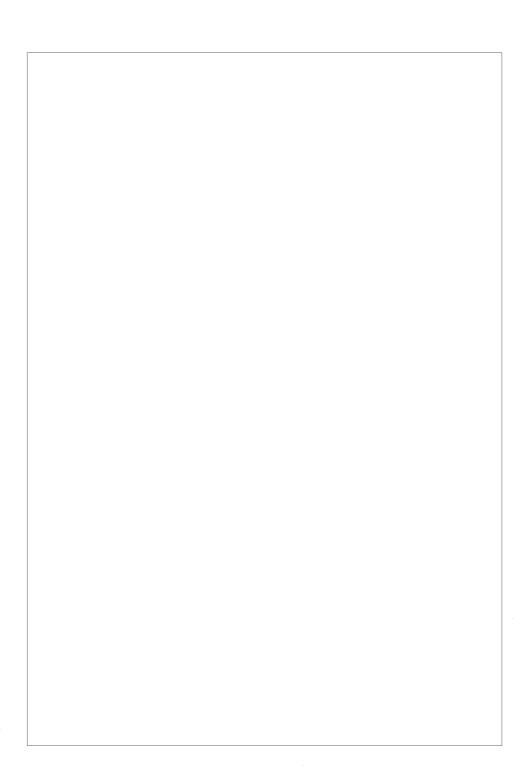
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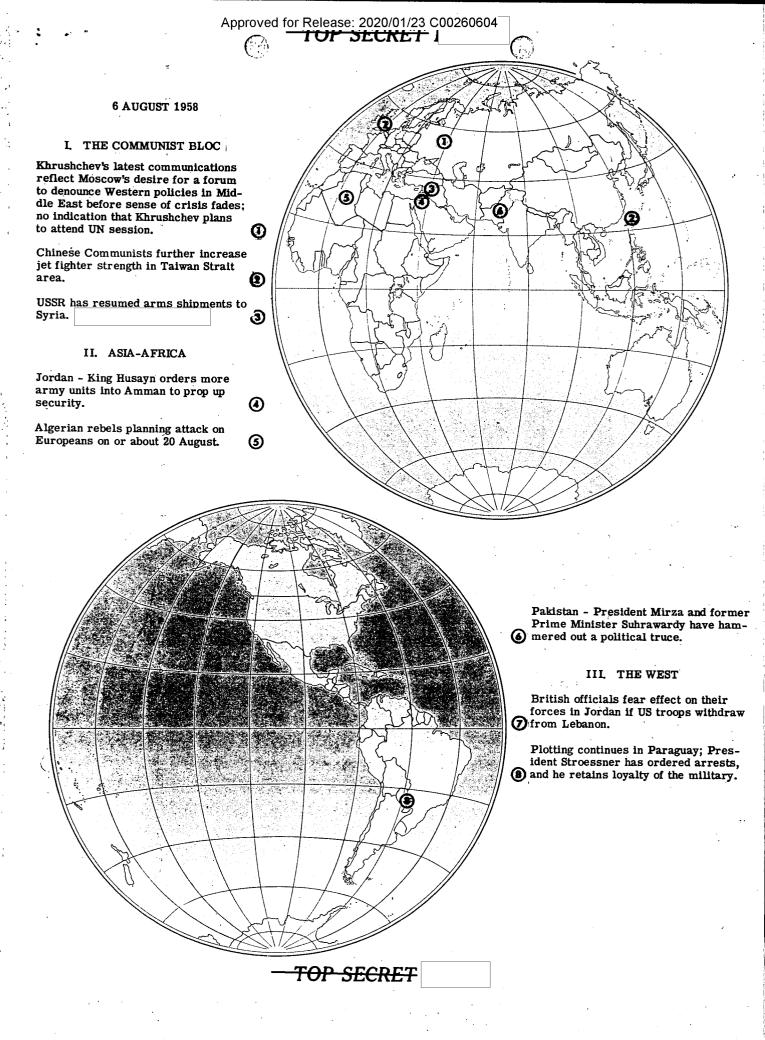
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DAILY BRIEF

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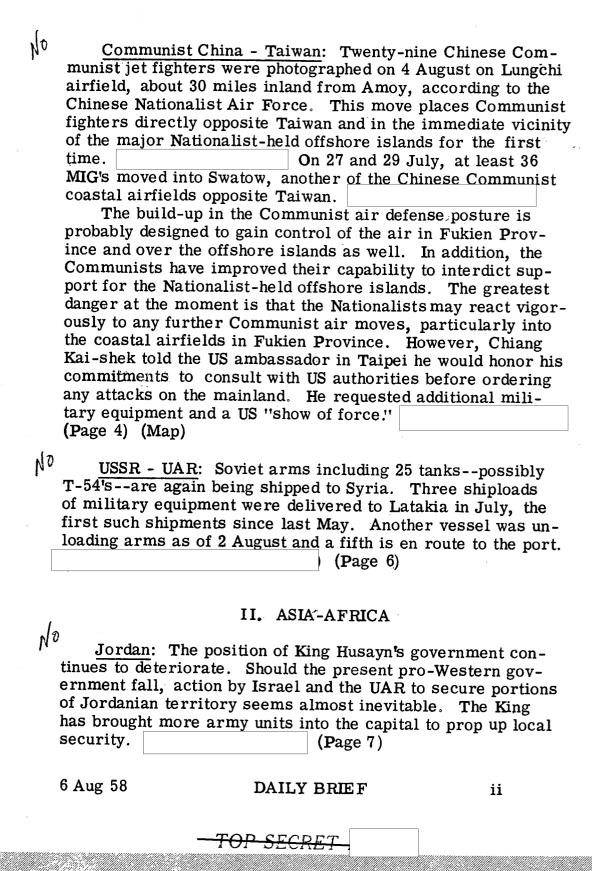
I. THE COMMUNIST BLOC

*Latest Khrushchev letters: Having failed to force the United States and Britain to accept Soviet terms for five-power summit talks, Khrushchev now hopes to use a special session of the UN General Assembly to denounce American and British actions in the Middle East before events bring about a further easing in the crisis atmosphere which Moscow seeks to maintain. Khrushchev apparently had hoped to use a five-power heads-of-government meeting to gain Western recognition of the USSR's claim to a major voice in Middle Eastern affairs; this effort appears to have been temporarily suspended. His letters contain no indication that he plans to appear before the General Assembly to present the USSR's case personally.

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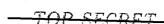
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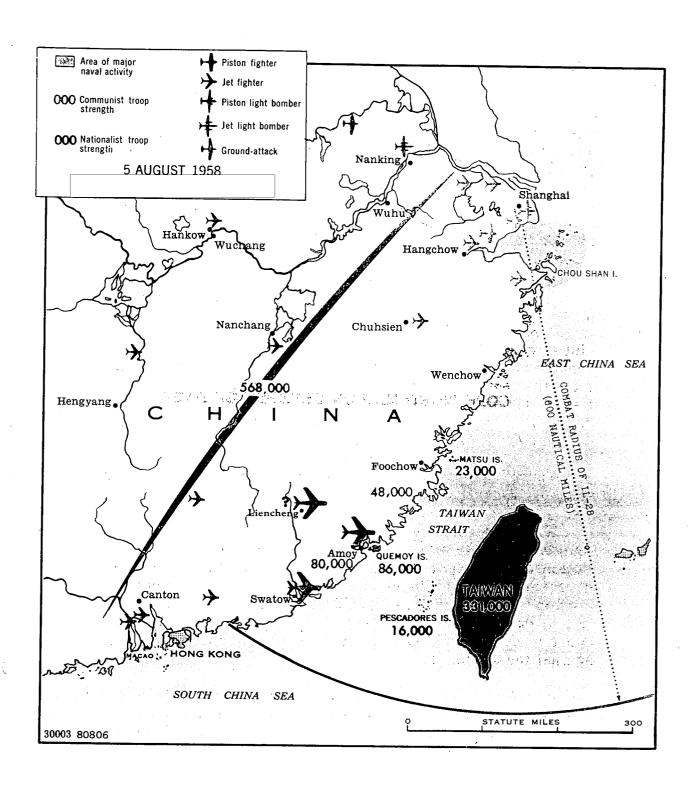
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	Algeria: The Algerian rebels are reported to be plan-			
	ning an attack on the European population on or about 20			
	August. (Page 9)			
1	Dolrigian, Internaire wellifferd were			
26	Pakistan: Intensive political maneuvering apparently			
δ_{L} .	has culminated in an agreement between President Mirza			
	and his chief rival, former Prime Minister Suhrawardy.			
	This should improve political stability and make it more			
	likely that the national elections actually will be held as ex-			
	pected in February. The present government of Prime			
	Minister Noon is to continue until elections. Suhrawardy			
	would then become prime minister and support Mirza's re-			
	election. (Page 10)			
	III. THE WEST			
10				
40	Britain - Jordan: British officials show increasing			
	anxiety over the position of British troops in Jordan, and			
	hope that the US will continue to retain forces in Lebanon, or			
	else send some to Jordan. Establishment of a regular sup-			
	ply route through Aqaba lessens the impact of Israel's banning			
	of overflights,			
	(Page 11)			
1/				
رار	Paraguay: The government claims it has evidence of			
U	several subversive plots, including an attempt on the life of			
	President Stroessner. The President has ordered many ar-			
	rests; and the military, which seems loyal to the regime.			
	can probably assure the inauguration of the dictator for a se-			
	cond term on 15 August. (Page 12)			

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DAILY BRIEF

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Taiwan Strait Situation

On 4 August, at least 29 Chinese Communist jet fighters were sighted on Lungchi Airfield, about 30 miles from the coast in the Amoy area. On 27 July, at least 36 jet fighters of the Canton-based 18th Air Division flew to Swatow's Chenghai Airfield.

flight activity in the Liencheng area on 2 August which suggests that aircraft may also be operating from Liencheng Airfield, about 125 miles northwest of Amoy. Other air activity has included a flight of about a regiment of jet light bombers into Shanghai from the north, but this may be a training exercise.

There have been no significant reflections of unusual ground force activity in the Taiwan Strait area. The launching of a direct assault against the Quemoys, where Communist strength is about equal to the Nationalist forces, would require additional troops, but these could be brought in rapidly over the Yingtan-Amoy rail line. Communist troops in the Matsu area outnumber the Nationalists by two to one, but no activity indicative of military preparations has been detected in this area.

There have been no changes in naval strength in the Fukien area.

While the activities of other forces do not reflect an intention to initiate major, hostile moves against the Chinese Nationalists, Peiping has the capability to do so at any time. A recently renewed flurry of propaganda urging Taiwan's "liberation" appears to have subsided since Khrushchev's recent trip to Peiping, but the Chinese Communists have professed concern that the Nationalists are planning military action against the mainland.

In a conversation on 4 August with Ambassador Drumright and Admiral Smoot, Chiang Kai-shek said he will continue to honor his treaty commitments to the United States which require consultation with US authorities before ordering an attack

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on the occupied airfields. However, Chiang regards the occupation of the airfields as a great threat, and he thinks that Communist military action should not be ruled out.

Some elements among the Chinese Nationalists are reported to be urging retaliation, and precipitous action is always possible. During the conversation Chiang asked for additional aid, including provision of Sidewinder air-to-air missiles for his air force and the permanent stationing of US F-100D aircraft on Taiwan. Admiral Smoot, on the basis of conversations with Chinese Nationalist military officials, says they regard strategic control of the Taiwan Straits as "lost" and the threat to the offshore islands "imminent."

On learning of the occupation of Lungchi airfield by the Communists, Minister of Defense Yu Ta-wei requested Admiral Smoot to transmit a message requesting the President of the United States to issue a public statement to the effect that he would consider an "attack on Quemoy or Matsu at this time to be a threat to Taiwan."

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